

TESTIMONY OF
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AND
CHAIR, AMERICAN PUBLIC TRANSPORTATION ASSOCIATION
BEFORE THE
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
ON
PUBLIC TRANSPORTATION'S ROLE IN ECONOMIC RECOVERY

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SUBMITTED BY



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Chairman Oberstar, Ranking Member Mica and distinguished members of the Committee, I want to thank you for the opportunity to testify. I am speaking today on behalf of both the Metropolitan Atlanta Rapid Transit Authority in Atlanta, Georgia (MARTA) and the American Public Transportation Association (APTA). I am MARTA's General Manager and Chief Executive Officer, and I also proudly serve as the 2008-2009 chair of APTA.

As Congress examines strategies to address the current economic crisis, I want to applaud this Committee for holding today's hearing. We simply must get our economy back on track, and the most important way to do that is to create new jobs, and give our citizens the tools they need to find jobs and keep working.

Throughout the state of Georgia and across the nation, transit providers are stretching every available dollar to meet rapidly increasing demand. Numerous projects on the drawing boards throughout my state are unfunded, simply because of a lack of available funds at the state and local levels for transit investment. The opportunity for the federal government to invest in job creation and environmental sustainability through transit infrastructure has never been greater. APTA has recently completed a national survey of transit systems, and we have identified more than **\$8 billion in "ready-to-go" projects** that could begin within 90 days of federal funding being made available. These projects will create new economic activity and put thousands of people to work building much needed infrastructure.

Moreover, transit is truly a lifeline for many who use it as their transportation to and from work, and for many others, it is an affordable and sustainable transportation choice that allows them to use more of their hard-earned wages for other pursuits. On average, a transit user saves more than \$9,499 per year by taking public transportation instead of driving, based on recent gas prices.

In the Atlanta region, MARTA carries more than 450,000 passengers per day on our heavy rail, bus, and paratransit services. Since the spring, we have seen our ridership consistently increase each month over the same month last year. MARTA provided service for over 14 million customers in September 2008—a 13.3 percent increase in total ridership over September 2007. Other regional providers, like the Georgia Regional Transportation Authority's Express buses, Cobb Community Transit, and Gwinnett County Transit, take many more thousands of cars off Atlanta's congested highways every day.

To cite just a few examples of how transit agencies across Georgia could make immediate use of federal investment:

- The Columbus transit system, METRA could immediately utilize \$900,000 in stimulus funding to acquire three (3) replacement clean fuel buses; and Hinesville/Liberty County, home of Fort Stewart, has a critical need for \$200,000 to purchase small passenger buses under an option to an existing contract.
- Cobb County Transit and the Gwinnett County transit system--each located in suburban Atlanta--have combined near-term capital needs in the estimated amount of \$22 million to construct a new park-and-ride lot and transit center, to acquire new buses and paratransit

vans, to complete the mid-life overhaul of 28 CNG buses, as well as implement smart-bus technology and security enhancements.

- The Clayton County Transit System has an immediate need for \$7.4 million for vital capital projects, including the acquisition of 12 clean fuel buses to relieve overcrowding and replace aging vehicles ready for retirement.
- The Georgia Regional Transportation Authority has immediate unfunded needs of \$21 million to purchase 42 additional express coaches to meet ridership demands for downtown Atlanta routes, and an additional \$15 million to construct three park-and-ride lots in Gwinnett, Henry, and Rockdale counties to meet rising demand for express bus service.
- And finally, my own system, MARTA, could readily utilize \$15.5 million in capital funding for vitally needed facility improvement projects. This includes \$12.4 million for the Stonecrest park-and-ride facility in DeKalb County that will provide much-needed capacity to meet the increased demand for express bus service in the congested I-20 East Corridor; and \$2.5 million for the acquisition and installation of new bus mechanical lift equipment at our Brownsmill heavy maintenance facility.

The projects in Atlanta are just the tip of the iceberg. As I mentioned earlier, APTA has recently completed a new survey of its member transit systems, and we have identified more than \$8 billion in “ready-to-go” projects from 170 transit systems that could begin within 90 days of federal funding being made available.

- The Chicago Transit Authority’s (CTA) ridership has been growing rapidly, increasing by over 21 million rides - an increase of 6 percent - from January through September of 2008, over the same period of the previous year. However, ridership would be even higher if aging and unreliable 1991 buses (which are much older than the 12-year FTA guideline for buses) were replaced, and if rail slow zones were reduced. The CTA's “ready-to-go” projects include the purchase of 200 diesel-electric hybrid buses from New Flyer, Inc. in St. Cloud, MN (\$166 million) to replace the fleet's oldest buses; and track renewal projects for the Blue Line Dearborn Subway track (\$87 million) and for the South Loop elevated tracks (\$31 million) that are home to the Orange, Brown, Green and Purple Lines. If federal funding were made available, the oldest buses in the CTA fleet could be retired, and deteriorating ties, track and fasteners could be replaced on select subways and elevated lines, thereby eliminating the main cause of slow zones on the system. Both the bus purchases and the track renewal are ready to proceed should federal funding be available.
- In Eugene, Oregon, Lane Transit District’s (LTD) ridership increased 17 percent in FY 2008 (33 percent in June alone), but the transit system is facing a significant funding shortfall as a result of declining local payroll taxes which support LTD. Despite a recent scheduled fare increase, LTD’s contingency funding will be exhausted by the end FY 2009, and the transit system is anticipating the need to cut 15% or more of its services. In addition to federal assistance to maintain its services, LTD could use federal funds immediately to purchase 20 replacement hybrid-electric buses (\$10 million) and remodel a bus maintenance facility (\$4.5 million).

- Knoxville Area Transit (KAT) in Tennessee has experienced tremendous ridership growth and has a great need to replace a portion of its regular bus fleet. An infusion of \$6.8 million would enable KAT to immediately acquire 20 clean fuel transit buses to replace older buses that have exceeded the FTA useful life standard. These buses would be acquired via a “piggyback” option to another bus procurement contract. KAT has seen its ridership increase by 15% this year alone, and by 23% between September 2007 and September 2008. These new buses would enable KAT to address this heightened passenger demand in a reliable and effective manner.
- In the San Francisco/Oakland Bay region, the Bay Area Rapid Transit District (BART) is experiencing monumental ridership growth. BART carries more than 104 million passengers a year and just last month, BART passed the 400,000 daily ridership mark for the first time. These numbers do not look like they are going to decrease anytime soon. BART would target stimulus funding to respond to ridership demands by constructing a set of crossovers near the Pleasant Hill BART station. Crossovers would provide a much needed turnaround point to run more frequent trains to and from San Francisco from Pleasant Hill during peak commute hours. This \$15 million project will reduce delays for passengers during peak hours, lay the foundation for expanded service and create local jobs. Additionally, BART faces the dual challenge of maintaining its aging system while addressing increased ridership and expanding service. The top priority for BART in this regard is shoring up its core systems, which would include replacing electrical equipment, emergency generators and rail switchers to ensure that service continues through this surge in ridership. These core systems projects are estimated to cost \$25.3 million.
- The California Capitol Intercity Rail Corridor could readily utilize \$6 million in stimulus funding to support the construction of the San Jose Station Terminal Improvement Project. The South Terminal/San Jose Project is located at the Diridon Station in San Jose and includes construction of 2 new platforms at the Diridon Station (with stairs and ADA ramps to access the existing pedestrian underpass) and construction of new tracks and crossovers/turnouts. Construction is scheduled to commence in January 2009. Economic Stimulus assistance could be used to match \$46 million in identified state, federal and local dollars and would be obligated into the project construction contract within sixty (60) days after award/allocation of funds. This project will greatly benefit this well-traveled corridor by expanding capacity along the rail route, thereby improving fluidity of station operations, enhancing reliability and supporting additional train service.

Not only do transit systems need assistance for capital projects, transit providers also need help to maintain their current services. Transit systems across the United States are being forced to choose between raising passenger fares or cutting service to make up for shortfalls in local funding and the increased cost of diesel fuel this past summer. The burden is so great that 35 percent of public transportation providers who responded to another recent APTA survey have been forced to cut or plan to cut the level of passenger service they provide in spite of the growing demand. Transit needs to be part of the solution to – not the victim of – the current economic crisis. This could not happen at a worse time. Public transportation ridership has grown dramatically this year, and we need to continue that growth.

We applaud the efforts of Chairman Oberstar and Ranking Member Mica to prevent fare increases and service reductions through the “Saving Energy Through Public Transportation Act of 2008” (H.R. 6052). Elements of this important bill were included in the recent stimulus package passed by the House, and it is essential that this support for agencies facing increased fuel costs and reduced local funding be retained in any future stimulus or economic recovery legislation.

In addition to shrinking local sources of funding for public transportation, 31 of the nation’s largest transit systems, including MARTA, could be financially crippled in the coming months as a result of the collapse of the nationwide credit markets and the ratings downgrade of AIG and other insurers. From the early 1990s to 2003, the Federal Transit Administration urged transit systems to enter into innovative financing deals known as Sale-in/Lease Out and Lease-In/Lease Out (SILO/LILO) transactions. These transactions helped transit systems finance large, capital intensive projects by selling their assets to investors and leasing them back. The transit agencies received up-front one time payments in consideration for future tax benefits for the investors, until these transactions were prohibited in 2003. To secure these transactions, sale proceeds in the form of Treasury securities were placed into an account that AIG and a small number of other insurers guaranteed. Under the terms of the contracts, transit agencies are responsible for replacing the guarantors of the secured assets if they fail to maintain a certain bond rating- often “AAA” status. Unfortunately, because AIG and the other insurers have lost their “AAA” rating, and there are no available financial institutions to replace them, the equity investors are able to find the transactions in default. Under this scenario, through no fault of their own, transit agencies could be forced to pay hundreds of millions of dollars in fees to make the investors whole. The banks have the opportunity to gain 100 percent of the tax benefits that have been disallowed, which would in turn devastate transit agencies, which will be required to pay more than \$2 billion to the banks immediately.

The U.S. Treasury has the power under the recently enacted Emergency Economic Stabilization Act of 2008 (P.L. 110-343) to take over the role of AIG and other insurers in SILO/LILO transactions. This would prevent any predatory action by banks against transit systems, and because the Treasury would be backing its own securities, there is no financial risk on the part of the federal government. APTA has urged the U.S. Treasury to take this action immediately. We urge Congress, and Members of this Committee, to contact the U.S. Treasury and request that they intervene on our behalf. Failing this, we hope to work with Congress to enact a legislative remedy in economic stimulus legislation or another legislative vehicle.

In spite of these many challenges, as a veteran of more than 30 years in the public transportation industry – with stops in Houston, Washington, DC, New York, New Jersey, Dallas, Rhode Island, Sacramento, and now Atlanta – I can honestly say that what we are seeing today is truly a transit renaissance.

More riders than any time in the last 50 years.

Last year, 10.3 billion trips were taken on U.S. public transportation – the highest number of trips taken in fifty years. Public transportation use is up 32 percent since 1995, a figure that is more than double the growth rate of the population (13 percent) and up substantially over the growth rate for the vehicle miles traveled (VMT) on our nation’s highways (24 percent) for that

same period. In fact, in recent months growth in transit ridership has accelerated while use of our highways has fallen. Transit ridership grew by more than 5.2 percent in the second quarter of 2008, while the Federal Highway Administration (FHWA) has reported that the vehicle miles traveled on our nation's roads declined by 3.3 percent.

A national focus on preserving our environment for future generations.

Consider a typical two-adult, two-car household where both adults commute separately by car. If just one person in the household switches a 20-mile total round-trip commute to existing public transportation, his or her annual carbon dioxide (CO₂) emissions will fall by 4,800 pounds per year, equal to a 10 percent reduction in all greenhouse gases produced by members of the household. If the entire household chooses to eliminate one of its cars and take public transportation, walk or ride a bicycle instead of driving for most of its trips, a savings of up to 30 percent in carbon dioxide emissions can be realized. This is more CO₂ savings than if that household went without electricity.

A recognition that we cannot build our way out of traffic congestion any more than we can rely on just gasoline for our future energy needs.

By reducing travel and congestion on roadways and supporting more efficient land use patterns, transit saves the U.S. 4.2 billion gallons of gasoline each year, the equivalent of more than 11 million gallons per day. That amount of savings is equivalent to oil refined from 102 supertankers, or more than three times the amount of oil we import from Kuwait each year.

If there were ever a time for us as a nation to move forward together and boldly, this is that time. There is a profound convergence of forces and events at work on every level – economic, demographic, environmental, global – that has placed us at a defining moment for our nation.

After only one year as the General Manager at MARTA in Atlanta, I have already seen this shared vision for increased investment in transit and transportation manifest itself through an unprecedented effort by regional and state leaders to develop a multi-modal transit plan for the Atlanta region for the next 50 years. What we have accomplished together in the last year would not have been possible five or ten years ago, and it has much to do with the public's desire for more transportation alternatives.

As you can see, this shift is dramatic, and it is occurring all over the country. And it is occurring at a time when we could all use a little help to get through this economic downturn. We need help that demonstrably moves the needle – for our economy, global competitiveness, our environment, public health, national security, personal independence and household affordability – resulting in real outcomes addressing real needs for real people – across our country. I urge the Congress to move forward with an economic stimulus package that recognizes the value of investing in our nation's public transportation infrastructure.

An investment in public transit is – the single “best bet” that we can place as a nation.